

## **Pension Fund Committee**

**7 December 2023**



## **Overall Value of Pension Fund Investments to 30 September 2023**

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### **Report of Paul Darby, Corporate Director of Resources**

#### **Purpose of the Report**

1. To provide an update to Members on the:
  - (a) overall value of the Pension Fund's investments at 30 September 2023;
  - (b) movement in the cash balance during the quarter, and;
  - (c) rebalancing activity undertaken during the quarter.

#### **Executive Summary**

2. The overall value of the Fund as at 30 September 2023 was £3.344 billion and the cash balance held in the Durham County Council Pension Fund bank account was £20.648 million. Fund managers also held cash of £30.518 million at that date.
3. Restructuring of the Fund's asset allocation has been undertaken, in line with decisions made by the Committee. During the second quarter, the Fund concluded investment into Emerging Markets Alpha. The completion of this investment through Border to Coast Pensions Partnership concludes the pooling of the liquid assets within the Fund's strategy.

#### **Recommendation**

4. Members are asked to note and agree the information contained within this report.

#### **Value of the Pension Fund**

5. Reports from the four listed fund managers are included in Part B of today's agenda, namely:
  - AB

- BCPP
- CB Richard Ellis
- Foresight

6. The value of the Fund at 30 September 2023 was £3.344 billion compared to £3.367 billion at 31 March 2023. This is a decrease of £23 million (or 0.68%) in the second quarter of 2023/24.

### **Allocation of New Investment Money/ Withdrawal of Investment Money to Deal with Estimated Shortfall**

7. New investment money is allocated to fund managers when the Pension Fund has cash which is not required to be available as a working cash balance, for example to pay pensioners or fees.
8. When it is estimated that the Pension Fund will not have sufficient cash available as a working cash balance, cash is withdrawn from fund managers. As at 30 September 2023, the cash balance held in the Durham County Council Pension Fund bank account was £20.648 million. In addition to this, Fund Managers were holding cash of £30.518 million at 30 September 2023.

### **Fund Rebalancing**

9. Fund rebalancing is the mechanism by which the Pension Fund would ensure that the asset allocation to fund managers is maintained at the target levels previously agreed by the Pension Fund Committee and as set out in the Investment Strategy Statement. It is also the means by which cash is moved to or from managers as a consequence of the cash flow forecasts.
10. Now that the restructuring of the Fund's liquid assets has been implemented, in line with decisions taken by the Committee, periodic rebalancing will be instigated in line with the revised strategic asset allocation. The revised rebalancing approach will reflect the change in the composition of the liquid assets held by the Fund.
11. In September, funds were transferred from Listed Alts (£19.1m) to Sterling Index Linked Bonds (£14m) and Emerging Markets Alpha (£5.1m).

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